CONSUMER
PROTECTION BC

FINANCIAL STATEMENTS

DECEMBER 31, 2011

HAYES STEWART LITTLE & COMPANY
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Directors of Business Practices and Consumer Protection Authority of British Columbia

Report on the Financial Statements
We have audited the accompanying financial statements of the Business Practices and Consumer Protection Authority of British Columbia (dba Consumer Protection BC) , which comprise the statement of financial position as at December 31, 2011, and the statements of operations, changes in net assets, cash flows and related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Business Practices and Consumer Protection Authority of British Columbia as at December 31, 2011 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Hayes Stewart Little + Co

Victoria, BC
March 29, 2012

Chartered Accountants

Consumer Protection BC
Statement of Financial Position
As at December 31, 2011

	2011	2010
Assets		
Current:		
Cash	$ 1,336,079	$ 323,426
Security held as cash (Note 13)	1,041,095	784,588
Accounts receivable	338,695	778,190
Prepaid expenses	109,477	166,861
Short term investments	497,673	386,872
	3,323,019	2,439,937
Investments	1,755,115	1,905,968
Property, plant and equipment (Note 4)	886,226	1,000,482
Total Assets	$ 5,964,360	$ 5,346,387
Liabilities		
Current:		
Accounts payable and accrued liabilities	$ 694,634	$ 687,671
Government liabilities	13,863	26,977
Security payable (Note 13)	1,041,095	784,588
Deferred revenue (Note 6)	1,192,717	1,027,123
Current portion of deferred capital contributions (Note 7)	827	1,689
Current portion of deferred lease inducements (Note 8)	18,417	18,417
Current portion of supplemental retirement benefit plan (Note 11)	14,741	-
	2,976,294	2,546,465
Deferred capital contributions (Note 7)	1,931	2,251
Deferred lease inducements (Note 8)	135,060	153,478
Supplemental retirement benefit plan (Note 11)	70,204	68,895
Total Liabilities	3,183,489	2,771,089
Net Assets (Note 9)	2,780,871	2,575,298
Total Liabilities and Net Assets	$ 5,964,360	$ 5,346,387

Commitments (Note 5)

Approved by:

Chair, Board of Directors

President and CEO

Consumer Protection BC
Statement of Operations and Net Assets
For the year ended December 31, 2011

	2011	2010
Revenue		
Licenses, classification, penalties & fines	$ 4,357,159	$ 4,174,044
Recoveries (Notes 16 and 17)	290,000	358,836
Interest, investment and other income	250,470	108,468
Government grants	1,182	13,294
	4,898,811	4,654,642
Expenses		
Accounting and legal	105,489	77,987
Amortization	203,325	202,704
Contract services	202,263	213,192
Governance (Note 12)	153,078	152,777
Information systems and telecommunication	216,845	233,810
Insurance	83,922	94,790
Office	141,632	183,787
Rent - premises	596,624	631,921
Travel	53,520	60,102
Wages and benefits	2,926,900	3,015,082
	4,683,598	4,866,152
Excess (deficiency) of revenues over expenses	215,213	(211,510)
Other income		
Gain (loss) on sale of property, plant and equipment	2,949	(12,225)
Excess (deficiency) of revenues over expenses for the year	$ 218,162	$ (223,735)
Net assets, beginning of year	$ 2,575,298	$ 2,767,595
Excess (deficiency) of revenues over expenses	218,162	(223,735)
Net unrealized gains on available for sale financial assets	(12,589)	31,438
Net assets, end of year	$ 2,780,871	$ 2,575,298

Consumer Protection BC
Cash Flow Statement
For the year ended December 31, 2011

	2011	2010
Operating Activities		
Cash received from licensees	$ 5,244,677	$ 4,159,090
Cash received from government sources	30,861	32,321
Cash received as interest on bank balances	26,104	17,117
Cash received as investment income	67,580	74,661
Cash received from the travel assurance fund	84,121	70,816
Cash received for recoveries of costs from legal action	280,875	960
Cash received from service contracts	43,465	-
Cash paid to government sources	(309,893)	(61,016)
Cash paid for goods and services	(1,748,681)	(1,541,548)
Cash paid to employees	(2,373,694)	(2,959,549)
Net cash from operating activities	1,345,415	(207,148)
Investing Activities		
Cash paid for acquisition of investments	(574,634)	(390,043)
Cash received from sale of investments	584,500	402,729
Cash paid for acquisition of property, plant and equipment	(97,704)	(670,710)
Cash received from sale of property, plant and equipment	11,583	29,308
Net cash for investing activities	(76,255)	(628,716)
Net increase (decrease) in cash and cash equivalents	1,269,160	(835,864)
Cash and cash equivalents, beginning of year	$ 1,108,014	$ 1,943,878
Cash and cash equivalents, end of year	$ 2,377,174	$ 1,108,014
Cash and cash equivalents comprised of:		
Cash	$ 1,336,079	$ 323,426
Security held as cash (Note 13)	1,041,095	784,588
	$ 2,377,174	$ 1,108,014

Consumer Protection BC
Notes to the Financial Statements
For the Year Ended December 31, 2011

1. Purpose of the organization

The Business Practices and Consumer Protection Authority (the Authority) was established on March 31, 2004 under the Business Practices and Consumer Protection Act of British Columbia as a not for profit corporation without share capital. After an extensive rebranding process, on August 24th, 2009, the Authority commenced doing business as Consumer Protection BC.

The purpose of Consumer Protection BC is to deliver consumer protection services throughout British Columbia, to promote fairness and understanding in the marketplace and to administer in the public interest any Act for which the administration has been delegated. Consumer Protection BC is classified as a public body for income tax purposes and therefore is not subject to income taxes.

2. Accounting Policies

The financial statements of Consumer Protection BC have been prepared in accordance with Canadian generally accepted accounting principles. The following significant accounting policies have been adopted by the organization:

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks and investment institutions.

(b) Investments

In accordance with section 3855 *"Financial Instruments – Recognition and Measurement"* of the CICA Handbook, Consumer Protection BC has classified its investments as available-for-sale and is reporting them at fair value. All investments are publicly traded and the fair market value is based on quoted prices on the settlement date. The amount by which the fair values for these investments differs from the costs represents unrealized gains and losses and are recorded directly to net assets as prescribed in the CICA Handbook for not for profit organizations. When an investment is sold, the cumulative unrealized gain or loss is reclassified as a realized gain or loss in investment income on the Statement of Income and Net Assets. Previous unrealized investment losses of $7,869 have been reflected in income during 2011.

Investments in foreign currency are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. The foreign currency exchange gains and losses for these investments are recorded in the same manner as other investment gains and losses. Consumer Protection BC does not hold any derivative investments. Investment income includes interest and dividends earned and realized gains and losses net of investment expenses incurred during the year. Investment transaction costs are expensed as incurred. Short term investments consist of fixed income Canadian dollar denominated securities with a maturity of one year or less.

2. Accounting Policies Cont.

(c) Financial instruments

Financial instruments classified as held for trading include cash and cash equivalents are recorded at fair value. Investments are classified as available for sale and recorded at fair value. Accounts receivable are classified as loans and receivables and recorded at amortized cost. Other financial liabilities include accounts payable and accrued liabilities, security payable and deferred revenue and are recorded at amortized cost. The fair values of financial instruments approximate their carrying values, unless otherwise noted.

Consumer Protection BC is exposed to credit risk with respect to cash and cash equivalents, investments and accounts receivable. Management believes that the institutions that hold the cash balances and investments are financially sound and therefore minimal credit risk exists with respect to these financial instruments. The receivables are derived from classification services provided to customers. An allowance for doubtful accounts is determined for those accounts for which collection is doubtful.

Consumer Protection BC is not exposed to interest rate risk as it holds no debt and interest revenue earned is on "fixed income investments" and the overall return is known at the time the investment is purchased. Interest earned at variable rates on cash deposits are not a significant source of revenue.

Consumer Protection BC is exposed to fair value risk as the value of investments will fluctuate with prevailing market conditions. This risk is mitigated as investment holdings are part of a managed portfolio for which there are established guidelines for investment mix and risk tolerances.

Consumer Protection BC continues to apply the provision of Handbook Section 3861 "Financial Instruments – Disclosure and Presentation". This is a disclosure option for not-for-profit organizations.

(d) Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Expenditures for additions and expenditures which substantially increase the useful life of existing assets are capitalized. Amortization is calculated at the following annual rates:

Furniture and equipment	20% declining balance
Computer hardware and software	20% declining balance
Telecommunications equipment	30% declining balance
Automotive equipment	30% declining balance
Leasehold improvements	Straight line over lease term

2. Accounting Policies Cont.

(e) Revenue Recognition

Consumer Protection BC follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Capital assets contributed or externally restricted contributions for the purchase of capital assets are deferred and amortized over the life of the related capital asset. Unamortized deferred capital contributions relating to capital asset dispositions are recognized as revenue in the period of disposal, provided that all restrictions have been complied with.

Government grants are accounted for as unrestricted contributions or externally restricted contributions in accordance with the terms of funding.

Unrestricted interest, investment and recoveries income is recognized as revenue when earned.

License fees are recognized on a straight line basis as revenue throughout the period the license is valid.

Classification fees are recognized when earned.

(f) Receivables

Consumer Protection BC conducts credit business with film distributors for film classification services. Ongoing credit evaluations are performed on customers and prepayment is required in the event of unsatisfactory payment history. An allowance for doubtful accounts for estimated losses due to the inability of customers to make payments is maintained. The allowance is adjusted periodically based on the best estimate of bad debt write offs.

(g) Employee Benefit Plan

Pension Plan

Consumer Protection BC and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pensions Act. The Pension Corporation of British Columbia administers the Plan including the payment of pension benefits on behalf of employers and employees to whom the Act applies. The Plan is a multi-employer defined benefit plan.

2. Accounting Policies Cont.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation (March 31, 2011) has determined that the Plan has an unfunded liability of $275 million.

The pension plan liability or surplus rests with the Pension Corporation of British Columbia and does not belong to Consumer Protection BC. As such, defined contribution plan accounting is applied to this benefit plan and the costs of these employee future benefits is recognized as an expense in the year that contributions are made.

Defined supplemental retirement benefit plan

The supplemental retirement benefit plan payable at retirement is based on the employee's service and earnings projected to retirement. For employees currently not yet eligible to retire and receive the retirement benefit on the year-end date, the benefit is then prorated by the ratio of their service to date over their total service at the time of retirement. The prorated benefit represents the portion of the benefit accrued to the year-end date. For employees eligible to receive the retirement benefit at the year-end date, the expected retiring benefit payment has been included in the accrued liability. The value of the benefit is calculated based on the likelihood that the member will retire from the plan and discounted with interest to the current age.

(h) Long Term Disability

Consumer Protection BC contributes to the Public Service Long-term Disability Multiemployer Plan, as a member of an employer group. The long term disability plan liability rests with the Province of BC and is not a liability of Consumer Protection BC. As such, defined contribution plan accounting is applied to this benefit plan and the costs of these employee future benefits is recognized as an expense in the year that contributions are made.

(i) Asset retirement obligations

The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated retirement costs are capitalized as part of the carrying amount of the long lived assets and amortized over the life of the asset. At this time, Consumer Protection BC has determined that there are no significant asset retirement obligations.

2. Accounting Policies Cont.

(j) Use of Estimates

The preparation of the financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. This includes but is not limited to the useful lives of property, plant and equipment and the liability accrued for the defined supplemental retirement benefit.

(k) Future Changes in Accounting Policies

Financial instruments

During Consumer Protection BC's 2009 fiscal year, the CICA announced that not-for-profit organizations could elect to continue to apply Handbook Section 3861, Financial Instruments – Disclosure and Presentation in place of Handbook Sections 3862, Financial Instruments – Disclosure and 3863, Financial Instruments – Presentation. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how and entity manages those risks. Consumer Protection BC has elected to continue to apply the financial instrument disclosure and presentation standards in accordance with Section 3861.

(l) New accounting standards

No new accounting standards have been issued by the CICA that will have a significant impact on Consumer Protection BC's financial statements in fiscal 2011.

The CICA has issued guidance for new accounting and financial reporting standards for all publically accountable enterprises, private enterprises and not-for-profit organizations that would be effective for years commencing on or after January 1, 2012. Consumer Protection BC is in the process of reviewing the impact of these standards on its reporting framework and financial statements.

3. Operating line of credit

Consumer Protection BC maintains an operating line of credit in the amount of $1,000,000 with Van City Savings Credit Union. The credit facility bears interest at the bank's prime rate plus .50%. As of December 31, 2011, there were no borrowings under the line of credit.

4. Property, plant and equipment

	Cost	Accumulated Amortization	Net Book Value 2011	2010
Furniture and equipment	$ 421,737	$ 165,328	$ 256,409	$ 236,850
Computer hardware and software	656,779	480,622	176,157	223,315
Telecommunications equipment	4,433	2,728	1,705	2,436
Automotive equipment	74,285	55,648	18,637	38,959
Leasehold improvements	580,507	147,189	433,318	498,922
Total	**$ 1,737,741**	**$ 851,515**	**$ 886,226**	**$ 1,000,482**

5. Lease obligation and commitments

Consumer Protection BC has entered into lease agreements for its premises, computer equipment and a service contract for telecommunications and internet service. Future minimum lease payments are as follows:

	Premises	Equipment and Service	Total Future Minimum Lease Payments
2012	$ 265,295	$ 62,058	$ 327,353
2013	168,056	2,619	170,675
2014	177,043	-	177,043
2015	177,043	-	177,043
2016	195,016	-	195,016
2017	204,003	-	204,003
2018	204,003	-	204,003
2019	204,003	-	204,003
2020	68,001	-	68,001
	$ 1,662,463	$ 64,677	$ 1,727,140

6. Deferred Revenue

Deferred revenue consists of funds received for licenses issued that are in effect for all or part of the next fiscal year. The balance consists of the following unrecognized license fees by industry:

	2011	2010
Cemetery / Crematorium	$ 4,590	$ 4,125
Debt Collection	336,913	240,215
Film Distribution	136,657	94,029
Funeral Services	41,430	38,031
Home Inspectors	19,166	10,930
Payday Lenders	380,470	215,120
Telemarketing	56,673	50,483
Travel	216,818	273,845
New Lines of Business	-	100,345
	$ 1,192,717	$ 1,027,123

7. Deferred Capital Contributions

Deferred capital contributions represent unamortized external funding used to purchase capital assets which will be recognized as revenue in future periods:

	2011	2010
Balance, beginning of year	$ 3,940	$ 17,234
Amortized to revenue	(1,182)	(13,294)
Balance, end of year	2,758	3,940
Current portion	(827)	(1,689)
	$ 1,931	$ 2,251

8. Deferred Lease Inducements

Deferred lease inducements represent unamortized inducements received as part of the lease contract on the Uptown premises. The deferred portion of these inducements will be recognized over the term of the lease contract as a reduction of rent expense in future periods:

	2011	2010
Balance, beginning of year	$ 171,895	$ -
Inducements received	-	184,173
Amortized to expense	(18,417)	(12,278)
Balance, end of year	153,478	171,895
Current portion	(18,417)	(18,417)
	$ 135,061	$ 153,478

9. Net Assets

	Invested in Capital Assets	Unrestricted	2011	2010
Balance, beginning of year	$ 996,542	$ 1,578,756	$ 2,575,298	$ 2,767,595
Excess (deficiency) of revenues over expenses	-	218,162	218,162	(223,735)
Amortization of deferred capital contributions	1,182	(1,182)	-	-
Investments in capital assets	89,069	(89,069)	-	-
Amortization of capital assets	(203,325)	203,325	-	-
Net unrealized gains (losses) on available for sale financial assets	-	(12,589)	(12,589)	31,438
Total	**$ 883,468**	**$ 1,897,403**	**$ 2,780,871**	**$ 2,575,298**

10. Capital Disclosures

Consumer Protection BC considers its capital to be the balance maintained in its Unrestricted Net Assets. Capital is invested under the direction of the Board of Directors with the objectives of maximizing income, obtaining a return higher than inflation, preserving capital and maintaining adequate liquidity to meet operational needs. Consumer Protection BC is not subject to externally imposed requirements on its capital.

11. Employee future benefits

Public service pension plan

Consumer Protection BC has a defined benefit plan providing pension and other retirement benefits to its employees. The plan is administered by the Pension Corporation of British Columbia. Eligible employees make contributions to the plan via payroll deductions.

The employer contribution rate to the Public Service Pension Plan is 8.78% of the pensionable salary up to the year's maximum pensionable earnings and 10.28% on pensionable salary in excess of the year's maximum pensionable earnings. These rates have been in effect since April 1, 2009. The year's maximum pensionable earnings for 2011 was $48,300 (2010: $47,200).

Consumer Protection BC recognized $223,513 in employer contributions as an expense during the fiscal year (2010: $210,588).

11. Employee future benefits Cont.

Defined supplemental retirement benefit plan

In addition to the Public Service Pension Plan, eligible employees are entitled to a supplemental retirement benefit as provided for under the collective agreement and terms of employment. The retirement benefit is based on years of service and final average salary and paid through an unfunded Defined Supplemental Retirement Benefit Plan, which is administered by Consumer Protection BC.

An independent actuarial valuation of the Defined Supplemental Retirement Benefit Plan has not been performed, therefore the amount accrued as a liability at December 31, 2011 is management's best estimate based on the following assumptions:

Accrued benefit obligation	$84,945
Discount rate	2.80%
General staff attrition rate	15.00%
Rate of compensation increase	0.00%

The full accrued benefit obligation has been recorded as a liability of Consumer Protection BC. Consumer Protection BC recognized $16,050 as a supplemental retirement benefit expense during the fiscal year (2010: $4,532) and made cash payments in the amount of $nil (2010: $79,327).

Long term disability plan

A funded long term disability multi-employer plan provides disability income benefits after employment, but before retirement.

The contribution rate is 1.86% of the employees' salary. The total contributions recognized as an expense in the year are $46,559 (2010: $42,169).

12. Governance

Governance consists of the costs associated with the Board of Directors and the industry advisory groups. These groups have been established to identify consumer and industry related issues and potential solutions for consideration by Consumer Protection BC.

13. Security Payable

Under Section 14(2) of the Travel Industry Regulation, licensed travel agents in BC must provide security to Consumer Protection BC prior to the issuance of a license. The security may be provided in the form of cash, letter of credit or approved investments. Security provided in the form of cash is held in a separate bank account and returned 6 months after the license is cancelled if there are no outstanding claims against the security. If claims are made by consumers for travel services that were prepaid but not received, the security is used to reimburse the Travel Assurance Fund for the claims. The licensee has the opportunity to reimburse the Travel Assurance Fund prior to the security becoming realized.

Under Section 12(1) of the Debt Collection Industry Regulation, licensed debt collectors in BC must provide security to Consumer Protection BC prior to the issuance of a license. The security may be provided in the form of cash, letter of credit or approved investments. Security provided in the form of cash is held in a separate bank account and returned 2 years after the license is cancelled if there are no outstanding claims against the security.

	Debt	Travel	Total
Balance, beginning of the year	$ 140,000	$ 644,588	$ 784,588
Receipts	10,000	295,000	305,000
Refunds	(18,493)	(30,000)	(48,493)
Balance, end of year	$ 131,507	$ 909,588	$ 1,041,095

14. Travel Assurance Fund

The Travel Assurance Fund is established pursuant to Section 130(2) of the Business Practices and Consumer Protection Act ("Act") and is funded by required initial and semi-annual contributions from registrants. It has been created to reimburse eligible consumers who have prepaid for travel services with a BC registered travel agency, but did not receive the service. These compensation funds are to be maintained in trust and do not form part of the assets of Consumer Protection BC. The statement of financial position and statement of operations and net assets of the Travel Assurance Fund are presented in Schedule A (pages 18 and 19).

(a) Investments

In accordance with section 3855 *"Financial Instruments – Recognition and Measurement"* of the CICA Handbook, Consumer Protection BC has classified the Travel Assurance Fund investments as available-for-sale and is reporting them at fair value. All investments are publicly traded and the fair market value is based on quoted prices on the settlement date. The amount by which the fair values for these

14. Travel Assurance Fund Cont.

investments differs from the costs represents unrealized gains and losses and are recorded directly to net assets of the Travel Assurance Fund as prescribed in the CICA Handbook for not for profit organizations. When an investment is sold, the cumulative unrealized gain or loss is reclassified as a realized gain or loss in investment income on the statement of operations and net assets of the Travel Assurance Fund. Previous unrealized investment gains of $23,229 have been reflected in income during 2011.

Investment income includes interest and dividends earned and realized gains and losses net of investment expenses incurred during the year. Investment transaction costs are expensed as incurred. Short term investments consist of fixed income Canadian dollar denominated securities with a maturity of one year or less. The Travel Assurance Fund does not hold any derivative investments.

(b) Claims Payable in Subsequent Period

Polar Star Expeditions

On May 17, 2011 Polar Star Expeditions entered into receivership and effectively ceased operations. The Travel Assurance Fund has received claims from consumers who have suffered a loss as a result of this closure. Subsequent to year end the Authority recorded $17,648 in accepted claims as claims payable with respect to Polar Star Expeditions.

Travel Matters

On October 11, 2011 Travel Matters business license was suspended. The Travel Assurance Fund has received claims from consumers who have suffered a loss as a result of this suspension. Subsequent to year end the Authority recorded $4,273 in accepted claims as claims payable with respect to Travel Matters.

CITS Canada International Travel Services

On September 30, 2011 CITS Canada International Travel Services business license was suspended. The Travel Assurance Fund has received claims from consumers who have suffered a loss as a result of this suspension. By February 1, 2012, the Authority had received $124,542 in claims with respect to CITS Canada International Travel Services, however had not yet made a determination on eligibility of claims for compensation by the Travel Assurance Fund. Therefore the amount of claims to be approved by the trustee and recognized as payable is not determinable.

15. Consumer Advancement Fund

The Consumer Advancement Fund is established pursuant to Section 139(1) of the Business Practices and Consumer Protection Act ("Act") and is funded by proceeds from court ordered actions taken against violators of the Act and various administrative penalties. It is created to fund education of consumers and suppliers on compliance with the Act. These funds are maintained in trust and administered by and do not form part of the assets of Consumer Protection BC. The statement of financial position and statement of operations and net assets of the Consumer Advancement Fund are presented in Schedule B (page 20).

(a) Canada 3000

On October 13, 2009 the Supreme Court of BC approved Consumer Protection BC's proposal to administer the C3 Leisure (Canada 3000) trust account. These trust fund monies are to be held within the Consumer Advancement Fund. At December 31, 2011, the anticipated amount is reflected as both an asset and a liability of the Consumer Advancement Fund.

16. Recoveries Fund

Recoveries consist of cost recoveries from legal actions and settlements Consumer Protection BC managed on behalf of consumers. Pursuant to a court order or consent agreement, Consumer Protection BC is authorized to deduct the costs it has incurred from the gross settlement proceeds prior to distributing the net amount to the damaged parties. Settlement amounts will vary from year to year depending upon the results of the actions taken. The statement of financial position and statement of operations and net assets of the Recoveries Fund are presented in Schedule C (page 21).

17. Related Party Transactions

Administrative fees were collected by Consumer Protection BC from the Consumer Advancement Fund in the amount of $170,000 (2010: $170,000) to compensate for the costs of administering the Fund.

Administrative fees were collected by Consumer Protection BC from the Travel Assurance Fund in the amount of $120,000 (2010: $120,000) to compensate for the costs of administering the Fund.

No fees were collected by Consumer Protection BC from the Recoveries Fund in 2011 (2010: $68,836) to compensate for the investigative and legal costs.

18. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

Consumer Protection BC
Travel Assurance Fund
Schedule A

Statement of Financial Position
As at December 31, 2011

	2011	2010
Assets		
Current:		
Cash	$ 1,083,484	$ 1,059,804
Interest receivable	1,015	992
Accounts receivable	4,307	-
Short term investments (Note 14)	824,836	617,430
	1,913,642	1,678,226
Investments (Note 14)	3,247,381	3,340,547
Total Assets	$ 5,161,023	$ 5,018,773
Liabilities		
Current:		
Accounts payable	$ 8,859	$ 4,099
Due to Consumer Protection BC	82,893	47,014
Total Liabilities	91,752	51,113
Net Assets	5,069,271	4,967,660
Total Liabilities and Net Assets	$ 5,161,023	$ 5,018,773

Consumer Protection BC
Travel Assurance Fund

Statement of Operations and Net Assets
For the year ended December 31, 2011

	2011	2010
Revenue		
Contributions	$ 149,511	$ 195,053
Interest and investment income	126,668	114,077
	276,179	309,130
Expenses		
Payments and refunds	46,400	20,865
Expenses	6,984	9,023
Administration fee (Note 17)	120,000	120,000
	173,384	149,888
Excess of revenues over expenditures	$ 102,795	$ 159,242
Net assets, beginning of year	$ 4,967,660	$ 4,760,028
Excess of revenues over expenditures	102,795	159,242
Cumulative net unrealized (losses) gains on available for sale financial assets (Note 14)	(1,184)	48,390
Net assets, end of year	$ 5,069,271	$ 4,967,660

Consumer Protection BC
Consumer Advancement Fund
Schedule B

Statement of Financial Position
As at December 31, 2011

	2011	2010
Assets		
Current:		
Cash	$ 245,997	$ 372,089
Cash held in trust (Note 15)	367,753	364,487
Interest receivable	231	348
Accounts receivable	-	78,621
Total Assets	$ 613,981	$ 815,545
Liabilities		
Current:		
Canada 3000 in trust (Note 15)	$ 367,752	$ 364,487
Due to Consumer Protection BC	129,002	171,040
Total Liabilities	496,754	535,527
Net Assets	117,227	280,018
Total Liabilities and Net Assets	$ 613,981	$ 815,545

Statement of Operations and Net Assets
For the year ended December 31, 2011

	2011	2010
Revenue		
Contributions	$ 11,800	$ 384,821
Interest	2,712	1,723
	14,512	386,544
Expenses	177,303	189,563
(Deficiency) excess of revenues over expenditures	$ (162,791)	$ 196,981
Net assets, beginning of year	$ 280,018	$ 83,037
(Deficiency) excess of revenues over expenditures	(162,791)	196,981
Net assets, end of year	$ 117,227	$ 280,018

Consumer Protection BC
Recoveries Fund
Schedule C

Statement of Financial Position
As at December 31, 2011

	2011	2010
Assets		
Current:		
Cash	$ 23,765	$ 257,800
Total Assets	$ 23,765	$ 257,800
Liabilities		
Current:		
Accounts payable	$ -	$ 238,674
Deferred revenue	20,066	14,126
Total Liabilities	20,066	252,800
Net Assets	3,699	5,000
Total Liabilities and Net Assets	$ 23,765	$ 257,800

Statement of Operations and Net Assets
For the year ended December 31, 2011

	2011	2010
Revenue		
Funds recovered through legal actions and settlements	$ -	$ 238,674
Expenses		
Consumer education - CAF	-	378,621
Restitution payments	-	91,217
Investigative costs (Note 17)	1,301	68,836
	1,301	538,674
Deficiency of revenues over expenditures	$ (1,301)	$ (300,000)
Net assets, beginning of year	$ 5,000	$ 305,000
Deficiency of revenues over expenditures	(1,301)	(300,000)
Net assets, end of year	$ 3,699	$ 5,000